

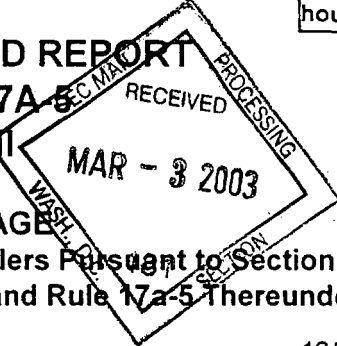
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COMMISSION  
0549

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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART II**



SEC FILE NUMBER
8-10438

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/02 AND ENDING 12/31/02  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:  
First Manhattan Co.

OFFICIAL USE ONLY
FIRM ID NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
437 MADISON AVENUE  
NEW YORK NY 10022  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
JOHN A. CAREY (212) 756-3142  
(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
ERNST & YOUNG LLP  
5 TIMES SQUARE NEW YORK NY 10036  
(Address) (City) (State) (Zip Code)

CHECK ONE:  
☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

**PROCESSED**  
**MAR 20 2003**

FOR OFFICIAL USE ONLY
THOMSON FINANCIAL

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

## OATH OR AFFIRMATION

I, MICHAEL P. HELMICK, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of FIRST MANHATTAN CO, as of DECEMBER 31, 2002, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

*Michael P. Helmick*

Signature

Senior Managing Director - Operations

Title

**EVELYNITA T. GEDORIO**

Notary Public, State of New York

No. 60-4992570

Qualified in Kings County

Commission Expires, March 23, 2006

*Evelynita T. Gedorio*

Notary Public

This report\*\* contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A or Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

OATH OR AFFIRMATION

To the best of our knowledge and belief, the accompanying statement of financial condition pertaining to the firm of First Manhattan Co. at December 31, 2002 is true and correct. We further affirm that neither the firm nor any senior managing director has any proprietary interest in any account classified solely as that of a customer and that the statement of financial condition of the firm is made available to all firm members and allied members of the New York Stock Exchange, Inc.

Neal K. Stein

Senior Managing Director

Michael P. Helms

Senior Managing Director

Evelynita T. Gedorio  
Notary Public

EVELYNITA T. GEDORIO  
Notary Public, State of New York  
No. 60-4992570  
Qualified in Kings County  
Commission Expires, March 23, 2006

First Manhattan Co.  
Statement of Financial Condition

December 31, 2002

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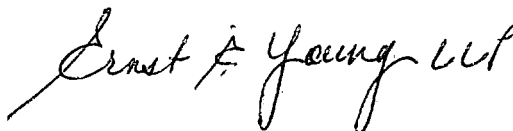
## Report of Independent Auditors

To the Partners of  
First Manhattan Co.

We have audited the accompanying statement of financial condition of First Manhattan Co. (the "Firm") as of December 31, 2002. This statement of financial condition is the responsibility of the Firm's management. Our responsibility is to express an opinion on the statement of financial condition based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of financial condition. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of First Manhattan Co. at December 31, 2002 in conformity with accounting principles generally accepted in the United States.



February 18, 2003

First Manhattan Co.  
Statement of Financial Condition

December 31, 2002

**Assets**

Cash in banks	\$ 1,580,524
U.S. Treasury obligations, at market, deposited in a special reserve bank account for the exclusive benefit of customers	998,227
Receivable from clearing broker, net	1,587,413
Investment advisory fees receivable	2,842,006
Investments owned by the Firm or contributed as capital by partners, at market or fair value:	
U.S. Government securities	23,972,376
Other	8,060,434
Secured demand notes receivable, fully collateralized	7,275,000
Exchange memberships, at adjusted cost (market value—\$2,000,000)	31,000
Fixed assets, net of accumulated depreciation and amortization of \$4,464,799	1,425,966
Other assets	1,139,022
	<u>\$ 48,911,968</u>

**Liabilities and net worth**

Accounts payable and accrued expenses	\$ 8,089,762
Secured demand notes	7,275,000
Total liabilities	<u>15,364,762</u>
Net worth	<u>33,547,206</u>
	<u>\$ 48,911,968</u>

# First Manhattan Co.

## Notes to Statement of Financial Condition

December 31, 2002

1. First Manhattan Co. (the "Firm") is a broker-dealer registered with the Securities and Exchange Commission, a member of the New York Stock Exchange, Inc. and the National Association of Securities Dealers, Inc., and engages in the business of providing investment advisory, securities brokerage and related services. The brokerage settlement and custody activities for client accounts are performed, under the Firm's supervision, by Pershing LLC. The Firm is a New York limited partnership the sole general partner of which is First Manhattan LLC, a New York limited liability company.
2. Secured demand notes from limited partners (maturing January 31, 2011) are collateralized by marketable securities and cash. By agreement, collateral in excess of the face amount of the notes, amounting to \$6,386,745, has also been contributed by the limited partners.
3. The Firm is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1 and has elected to compute its net capital requirement in accordance with the Alternative Net Capital Requirement. Under this alternative, net capital, as defined, shall not be less than 2% of aggregate debit items, as defined, arising from customer transactions. At December 31, 2002, the Firm had net capital, as defined, of \$27,572,397 which exceeded required net capital of \$250,000 by \$27,322,397.